

APR 08 2003

Michael N. Milby, Clerk

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In Re Enron Corporation
Securities, Derivative &
"ERISA" Litigation

MDL-1446

THIS DOCUMENT RELATES TO:

All Cases

MARK NEWBY, ET AL.,

Plaintiffs,

v.

ENRON CORPORATION, ET AL.,

Defendants.

CIVIL ACTION NO: H-01-3624
AND CONSOLIDATED CASES

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA, ET AL.,
Individually and On Behalf of
All Others Similarly Situated,

Plaintiffs,

v.

KENNETH L. LAY, ET AL.,

Defendants.

**DEFENDANT STANLEY C. HORTON'S ANSWER TO
PLAINTIFFS' CONSOLIDATED COMPLAINT**

Defendant Stanley C. Horton ("Horton"), by and through his undersigned counsel, files this
Answer to Plaintiffs' Consolidated Complaint.

#1328

In this Answer, Mr. Horton responds directly to the few allegations that pertain specifically to him. He has also endeavored to respond to group pleading allegations pertaining to “Enron insiders,” “Enron management,” and the like (even when not applicable to him) as well as to general allegations concerning Enron or one of its businesses. However, even though Mr. Horton was an officer of one of Enron’s subsidiaries (Enron Transportation Services), by no means did he have knowledge of, or even passing familiarity with, every business transaction or activity of Enron or every financial, accounting, or legal decision made on its behalf. To assist him in formulating answers as to matters beyond his personal knowledge or recollection, Mr. Horton, through his attorneys, has referred back to “formal” or “official” statements of Enron (such as press releases, earnings releases, and SEC filings) issued during the alleged Class Period, so that many of his answers are based on the contents of such statements of Enron. In those instances, it should not be inferred that Mr. Horton necessarily had personal, contemporaneous knowledge relating to the matter being admitted or denied.

Except for the specific allegations expressly admitted or responded to below, all other allegations or characterizations of facts in Plaintiffs’ Consolidated Complaint are denied.

SPECIFIC RESPONSES BY PARAGRAPH(S)

1. To the extent an answer is required, Horton denies that this purported class action may properly be brought on behalf of the alleged class.
2. Horton denies that he participated in, or had knowledge of, the scheme(s), false and misleading statements, or other conduct alleged in the first and last sentences. With regard to the second and third sentences, Horton admits that in its public releases, Enron, in general, was positive and optimistic about the business prospects for WEOS, EES, and EBS, and Horton admits that Enron

maintained an investment grade credit rating; otherwise, because the second and third sentences contain terms (such as “extolled” and “very strong”) that, in this context, are too vague and/or subjective, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in those sentences. Fourth sentence: Horton admits that Enron’s common stock reached a price as high as \$90-3/4 and that Enron had a market capitalization of over \$70 billion in August 2000, but Horton otherwise denies the allegations contained in that sentence.

3. Horton denies the allegations contained in this paragraph, except (a) Horton does not have knowledge or information sufficient to admit or deny whatever “investors realized” (as asserted in the last sentence), and (b) Horton admits that in the last quarter of 2001 Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders’ equity of approximately \$1.2 billion, it restated its financial statements, and, further, its stock price collapsed, its credit rating was downgraded to below investment grade, and it declared bankruptcy.

4. Horton denies that he participated in or had knowledge of the “fraud” or “scheme” alleged in the first and sixth sentences. With regard to the second sentence, Horton admits that many senior executives have left Enron, but, although he does not regard himself as a “top insider,” he denies that he was “kicked out.” (To the contrary, he now serves as one of the four members of the Office of the Chairman of Enron.) Third sentence: Horton admits that the SEC and DOJ are conducting investigations relating to Enron. Fourth sentence: Horton admits that Arthur Andersen has been indicted and convicted for obstruction of justice, but Horton denies that Enron has admitted destroying incriminating evidence. Horton admits that individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment. With regard to the last sentence and the chart of Enron’s stock price, Horton admits that the broad pattern or profile of

Enron's historical stock price was as illustrated in the chart, but Horton does not have knowledge or information sufficient to admit or deny the accuracy of the chart with absolute precision.

5. Horton admits that Enron was formed when Houston Natural Gas and InterNorth merged in 1985, but Horton does not have knowledge or information sufficient to admit or deny the other allegations contained in paragraph 5, in part because some of the terms (such as "stodgy," "burdened," "excessive," "performed poorly," and "little if any sales") are, in this context, too vague and/or subjective.

6. First sentence: Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the first sentence regarding Lay's decision or state of mind in 1990. Second sentence: Horton admits that, speaking generally, Enron reported growth during the period 1990 to 1996, and Horton refers to publicly available records concerning Enron's stock price in late 1996.

7. Horton has no information concerning transactions between Lay, Skilling, and Fastow and entities controlled by Enron, so therefore Horton denies the allegations contained in the first sentence. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the rest of the paragraph.

8. First sentence: Horton does not have knowledge or information sufficient to admit or deny the allegations in the first sentence concerning analysts' assessments of Enron, although Horton admits that in 1997 Enron recorded a non-recurring restructuring charge of \$675 million in connection with amended long-term gas contracts with producers in the J-Block (U.K.), and it recorded a \$100 million charge primarily to reflect depressed MTBE margins on committed production. Second sentence: With regard to the allegations concerning Enron's stock price, Horton

refers to publicly available records; Horton does not have knowledge or information sufficient to admit or deny the allegations concerning Enron's executives' performance-based bonuses. Third and fourth sentences: Horton does not have knowledge or information sufficient to admit or deny the allegations concerning the state of mind of Enron's top executives and Board members. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the fifth sentence.

9 - 10. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

11. Horton does not have knowledge or information sufficient to admit or deny the allegations in this paragraph, other than that he denies participating in or having knowledge of the creation of "secretly controlled partnerships and entities," "phony profits," or improper concealment of debt.

12. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, in large part due to terms (such as "better-than-expected," "appeared," "enormously profitable high-growth enterprise," "very strong," and "higher-than-forecasted") that, in this context, are too vague and/or subjective, except that Horton refers to publicly available records regarding Enron's stock price, and Horton admits that Enron's reported annual revenues in 2000 were approximately \$100 billion, with net income of \$979 million (as alleged by plaintiffs in paragraph 295), and Horton denies that all the figures contained in the table at the end of the paragraph are accurate.

13. Horton admits, except Horton does not have knowledge or information sufficient to admit or deny that by 2001 Enron was accounting for 25% of all U.S. energy trades.

14. With regard to the allegations in the first sentence, Horton admits that in the 1998-2000 time frame, Enron discussed “the success of [its] wholesale and retail energy operations, its international prospects and operations, its broadband content delivery and intermediation businesses, its * * * financial condition and earnings, and its prospects for continued * * * earnings growth,” but Horton does not have knowledge or information sufficient to admit or deny the allegations concerning Enron’s bankers. With regard to the allegations asserted in subparagraphs (a) and (b), Horton admits that Andersen certified Enron’s financial reports in 1998 through 2000, but without references to the specific statements that plaintiffs presumably paraphrase, it is impracticable for Horton to undertake the investigation necessary to admit or deny whether Enron made those statements as alleged, and Horton does not have knowledge or information sufficient to admit or deny whether Enron’s lawyers and banks made or participated in those statements.

15. Horton denies that the first sentence lists all factors determinative of the prices at which Enron’s common stock, debt, and preferred securities traded. Horton admits the allegations contained in the second sentence. With regard to the third sentence, Horton refers to publicly available records regarding Enron’s historical stock prices, and Horton does not have knowledge or information sufficient to admit or deny the information depicted in the chart.

16. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except that Horton denies that he, “working together” with other defendants, raised billions of dollars for Enron.

17. Horton denies that he participated in or had knowledge of any scheme such as is alleged in this paragraph; otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

18. Horton denies the allegations contained in this paragraph, except that Horton does not have sufficient knowledge or information concerning the terms of all transactions by Enron to admit or deny the allegations in the next-to-last sentence.

19. Horton denies having the knowledge he is alleged to have had in the sixth sentence, and he admits the allegations contained in the seventh sentence. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

20. Horton denies the allegations contained in this paragraph, except that Horton does not have sufficient knowledge or information concerning the terms of various transactions to admit or deny the allegations in the second and third sentences concerning “trigger” prices.

21. With regard to the allegations made in the first and second sentences, Horton denies that he participated in or had knowledge of any efforts to falsify Enron’s financial results. The third and fourth sentences assert matters of accounting and/or legal opinion to which no response is required.

22. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except that Horton admits that Enron did not consolidate Chewco/JEDI into its financial statements until it restated earnings in November 2001.

23. Horton denies that he participated in creating the LJM partnerships or structuring, reviewing, or approving any transactions involving those partnerships, and he denies engaging in any transactions involving those partnerships. Horton admits based on SEC filings that transactions were conducted between Enron and LJM partnerships managed by Mr. Fastow. Otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

24. Horton denies having the knowledge alleged in the second sentence. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

25. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

26. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

27. Horton denies participating in or having knowledge of the scheme alleged in the first sentence. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

28 - 30. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

31. Horton denies participating in or having knowledge of either the alleged "Enron scheme to defraud" or the "Enron Ponzi scheme," and otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

32. Horton denies that he was "accommodate[d]," as alleged in the last sentence; he admits that Enron entered into several transactions (which, to his understanding, were reviewed and approved by outside accountants and legal counsel) with the LJM partnerships; but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

33. Horton denies that he used "these contrivances and manipulative devices to inflate Enron's reported financial results," as alleged in the ninth sentence; he admits that one of the

transactions between LJM and Enron involved Rhythms and others involved the “Raptor” vehicles; but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

34. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

35. Horton denies that he participated in or had knowledge of the actions or the scheme alleged in the third sentence; otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

36. Horton admits that Enron employed mark-to-market accounting for certain assets, but he denies participating in or knowing of misuse or abuse of mark-to-market accounting or of other “accounting tricks and manipulations to falsify its financial results.” Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

37. Horton denies that he participated in or knew of “falsification of Enron’s financial statements,” or “accounting tricks and manipulations,” as alleged in the first and second sentences. Horton admits that Enron discussed with investors the prospects for growth of Enron’s retail energy services business, which managed the energy needs of corporate consumers for multi-year periods. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, in part because many of the terms are too vague and/or subjective.

38. Horton denies that he participated in or had knowledge of the conduct alleged in the second, fourth, and fifth sentences. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the paragraph.

39. Horton admits that Enron had a broadband services business, which very generally is adequately described in this paragraph, and Horton admits that for a period of time that broadband services business was presented by Enron as a growth area, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph because some of the terms are too vague and/or subjective.

40. Horton admits that the Enron-Blockbuster joint venture was announced in July 2000 (as alleged in the first sentence). With regard to the second sentence, in the absence of any information as to the source(s) of the statements attributed to Enron it is impossible for Horton to admit or deny whether Enron made those statements as alleged, although Horton denies that Enron's press release of July 19, 2000 contained all of the alleged statements. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

41. Horton admits that the Blockbuster joint venture was terminated in March 2001. Horton denies participating in or having knowledge of the financial reporting on the Blockbuster transaction, any "abuse and misuse" of mark-to-market accounting, or the scheme alleged in the second sentence. Horton does not have knowledge or information sufficient to admit or deny the remaining allegations contained in this paragraph.

42. Horton admits that Enron owned shares in The New Power Company ("TNPC") when it was a private company, that the IPO for TNPC occurred in October 2000, and that after the IPO

Enron continued to hold millions of shares of TNPC and warrants for millions of additional shares. Horton also admits (with reference to the last sentence) that in October 2001 Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders' equity of approximately \$1.2 billion. With regard to the thirteenth sentence and the chart, dealing with the stock price of TNPC between October 2000 and February 2002, Horton refers to publicly available records. Horton denies that he participated in, or had knowledge of, any efforts "to perpetuate the Ponzi scheme" or "create a huge phony profit," as alleged in the fourth and seventh sentences. Horton does not have knowledge or information sufficient to admit or deny the remaining allegations contained in this paragraph.

43. Horton denies that he participated in, or had knowledge of any details concerning, the "Qwest/dark fiber swap" that is the subject of the allegations made in this paragraph, and otherwise Horton does not have knowledge or information sufficient to admit or deny those allegations.

44. Horton denies that he participated in or had knowledge of the scheme, the manipulative device, "false legal opinion," or efforts to falsify Enron's financial condition that are alleged in this paragraph, and otherwise Horton does not have knowledge or information sufficient to admit or deny those allegations.

45. Horton denies that he participated in or had knowledge of the efforts to present a misleading picture of Enron's liquidity, financial condition, and balance sheet that are alleged in this paragraph, and otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

46. Horton denies that he participated in or had knowledge of the "financial chicanery," "phony commodity and swap transactions," or "manipulative subterfuge" that are alleged in the

paragraph, and otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

47. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

48. Horton admits that Enron had and needed access to capital markets; that investment grade credit rating and stock price were important to Enron and its shareholders; and that Enron raised funds through securities offerings between 1996 and 2001 (for the details of which Horton refers to the relevant documents filed with the SEC). Horton denies that he participated in or had knowledge of the “phony transactions,” “secret understandings and illicit financing arrangements,” or “illicit financial transactions” that are alleged in the paragraph. The dates, terms, size, and underwriters for Enron’s debt or stock offerings are matters of public record with the SEC, and Horton denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the paragraph.

49. Horton admits that Azurix, Enron Oil & Gas, Osprey, The New Power Company, and Marlin raised funds through securities offerings. The dates, terms, size, and underwriters of those offerings are matters of public record, and Horton denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records.

50. Horton denies that the allegations contained in this paragraph are accurate from his perspective, except that Horton admits that television monitors at Enron’s headquarters in Houston displayed stock prices.

51. Horton denies that the allegations in the first sentence are accurate from his perspective. Horton does not have knowledge or information sufficient to admit or deny the other allegations made in the paragraph or the accuracy of the purported quotes.

52. Horton admits that Enron's stock price declined in late 2000 and early 2001. Second sentence: without further details about the alleged assurances (such as speaker, time, and actual statements), Horton does not have knowledge or information sufficient to admit or deny the alleged assurances. Third sentence: Horton denies that he participated in or had knowledge of efforts or pressure to do "anything" to halt the decline in the price of Enron's stock, and (although he does not regard himself as being one of Enron's "top executives") he further denies that he had the knowledge that Enron's top executives are alleged to have had. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

53. Horton denies participating in or having knowledge of "the scheme" or "the Enron Ponzi scheme" alleged in this paragraph. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

54. Horton admits that Andersen certified Enron's financial reports in early 2001, but without references to the specific statements that plaintiffs presumably paraphrase, it is impracticable for Horton to undertake the investigation necessary to admit or deny whether Enron made those statements as alleged, and Horton does not have knowledge or information sufficient to admit or deny whether Enron's lawyers and bankers made or participated in those statements.

55. Horton does not have knowledge or information sufficient to admit or deny what Enron's "top insiders" realized, and he denies that he had the knowledge alleged in this paragraph.

56. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

57. First sentence: Horton does not have knowledge or information sufficient to admit or deny. Second sentence: Horton denies that he participated in or had knowledge of the “concocting” of “a story” concerning Skilling’s resignation. Third sentence: Horton admits. Fourth through sixth sentences: Horton denies that he participated in or had knowledge of any “lies” to investors as alleged. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

58. First sentence: Horton does not have knowledge or information sufficient to admit or deny. Second and third sentences: Horton does not have knowledge or information sufficient to admit or deny what Enron’s top insiders and/or top executives realized, and he denies that he had the knowledge alleged. Fourth sentence: Horton denies participating in or having knowledge of destruction of evidence of “prior illegal conduct” by Enron; Horton does not have knowledge or information sufficient to admit or deny destruction of evidence by Andersen.

59 - 60. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

61. Horton admits that (a) on October 16, 2001, Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders’ equity of approximately \$1.2 billion; (b) within the next several weeks *The Wall Street Journal* published a series of articles about Enron, the SEC announced an investigation of Enron, and Fastow left; and (c) in November 2001, Enron filed a Form 8-K that restated its financial results for 1997 through 2000, to which Horton refers concerning

precise figures and other details. Horton does not have knowledge or information sufficient to admit or deny other allegations made in this paragraph.

62. Horton denies that he participated in the “use” of Chewco, LJM1 and LJM2 to enter into transactions as alleged in this paragraph. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

63. Horton denies that he participated in or had knowledge of “prior falsification of Enron’s financial statements,” failure to eliminate “phony profits,” or efforts to cover-up fraud, as alleged in this paragraph.

64. Horton admits that there were discussions between Enron and Dynegy regarding a possible merger. Horton denies that he had the state of mind alleged in the first sentence, that he participated in or had knowledge of the “scheme” alleged in this paragraph, or that he worked “hand-in-hand” with JP Morgan and CitiGroup with the state of mind alleged in the second sentence.

65. Horton denies that he participated in or had knowledge of the “Enron scheme” or the “Enron Ponzi scheme” alleged in this paragraph; otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

66. Horton admits that (a) Dynegy refused to acquire Enron; (b) Enron’s publicly-traded debt was downgraded to below investment grade; (c) Enron declared bankruptcy on December 2, 2001; and (d) the market price for Enron’s stock and publicly traded debt securities declined significantly. Horton denies that he participated in or had knowledge of efforts to conceal Enron’s true financial condition from Dynegy or “wide-ranging falsification of [Enron’s] financial statements.” Horton does not have knowledge or information sufficient to admit or deny other allegations contained in this paragraph.

67. With regard to the first through fifth sentences, Horton admits that it is his understanding that Enron's "related party" disclosures were reviewed and approved by Enron's outside auditor and by outside legal counsel, but the allegations concerning the adequacy of those disclosures is a matter of legal opinion to which no response is required, and otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in those sentences. With regard to the sixth through ninth sentences, Horton does not have knowledge or information sufficient to admit or deny the allegations concerning the rewards received by anyone involved in the LJM partnerships.

68. Horton admits that Congress has investigated the failure of Enron and that some individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

69. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

70. Horton denies that he participated in or had knowledge of the fraudulent scheme, manipulative devices and contrivances, or misrepresentations alleged in this paragraph.

70(a). This sub-paragraph is directed to Arthur Andersen. Accordingly, it does not require a response from Horton. In general, Horton knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations made in this sub-paragraph.

70(b). This sub-paragraph is largely directed to the law firms Vinson & Elkins and Kirkland & Ellis, and to that extent does not require a response from Horton. In general, Horton knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, including SEC filings, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations directed to the law firms. With regard to the allegations in the fifth sentence concerning a Vinson & Elkins “report,” Horton denies that any such report was written to him.

70(c). This sub-paragraph is directed to “Enron’s banks.” Accordingly, it does not require a response from Horton. In general, Horton does not have knowledge or information sufficient to admit or deny the allegations made in this sub-paragraph.

71 - 72. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

73. Horton denies that he participated in or had knowledge of the “frenzy of fraud” alleged in this paragraph and that he pocketed any “illegal insider trading proceeds” or bonuses based on phony financial results or artificially inflated stock prices. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

74. Horton denies that he participated in or had knowledge of the alleged fraud. To the extent a response is required to the chart, Horton incorporates by reference its responses to the various allegations in the Complaint that are referenced in the chart.

75-76. Paragraphs 75 and 76 assert matters of legal opinion to which no response is required.

77. The first sentence asserts matters of legal opinion to which no response is required. Horton admits the second sentence.

78. Paragraph 78 asserts matters of legal opinion to which no response is required. With regard to his own conduct, Horton admits that he used the means and instrumentalities of interstate commerce in connection with some of his work as an employee of Enron, but he denies that he did so in violation of any legal standard of conduct.

79 - 80. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

81(a) - 81(n). Horton does not have knowledge or information sufficient to admit or deny the allegations contained in paragraphs 81(a) - 81(n).

82. This paragraph does not require a response.

83(a). Horton admits the first two sentences. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(a).

83(b). Horton admits the first two sentences. Horton does not have knowledge or information sufficient to admit or deny the truth of the remainder of paragraph 83(b).

83(c). First sentence: Horton admits that Andrew S. Fastow was Chief Financial Officer of Enron until October 2001. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(c).

83(d). Horton admits the first sentence. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(d).

83(e). First sentence: Horton admits that James V. Derrick, Jr. was General Counsel of Enron. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(e).

83(f). First sentence: Horton admits that Mark A. Frevert held a senior management position with Enron or one of its subsidiaries between 1997 and 2001. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(f).

83(g). First sentence: Horton admits. Second sentence: Horton admits that during the Class Period he sold 830,444 shares of Enron stock for approximately \$47,371,565 in gross proceeds, but he denies that he did so in possession of adverse undisclosed information about the Company or that his sales generated “illegal insider trading proceeds.” Third sentence: Horton denies. Fourth sentence: Horton admits that he received total bonus payments of about \$3.1 million for the years 1997 through 2000. Fifth sentence: Horton denies the information and representations concerning the number of Enron shares he sold before the alleged Class Period.

83(h). First and second sentences: Horton admits that Kenneth D. Rice held senior management positions with Enron Capital & Trade – North America and with Enron Broadband Services at different times between 1997 and 2001. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(h).

83(i). First sentence: Horton admits that Richard B. Buy was Chief Risk Officer of Enron in 2000 and 2001 and before that held a senior management position with Enron or Enron Capital & Trade. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(i).

83(j). First sentence: Horton admits that Lou L. Pai was associated with Enron Accelerator and with EES. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(j).

83(k). First sentence: Horton admits that Joseph M. Hirko held a senior management position with EBS. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(k).

83(l). First sentence: Horton admits that Ken L. Harrison held a senior management position with Portland General Electric and was a director of Enron. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(l).

83(m). Horton admits that Steve Kean was Executive Vice-President and Chief of Staff of Enron since 1999. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(m).

83(n). First sentence: Horton admits that Rebecca P. Mark-Jusbasche held senior management positions with Enron, Enron International, and Azurix. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(n).

83(o). First sentence: Horton admits that Michael S. McConnell held a management position with Enron or one of its subsidiaries. Horton does not have knowledge or information sufficient to admit or deny the remainder of 83(o).

83(p). First sentence: Horton admits that Jeffrey McMahon held senior management positions with Enron or its subsidiaries. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(p).

83(q). First sentence: Horton admits that Cindy K. Olson held management positions with Enron. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(q).

83(r). First sentence: Horton admits that Joseph W. Sutton held senior management positions with Enron or its subsidiaries, including Vice-Chairman of Enron. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(r).

83(s). Horton admits that Mark E. Koenig was head of Investor Relations for Enron from 1998 through the end of 2001. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(s).

83(t). First and second sentences: Horton admits that Kevin P. Hannon held senior management positions with Enron Broadband Services and Enron Capital & Trade. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(t).

83(u). First and second sentences: Horton admits that Lawrence Greg Whalley was named President and Chief Operating Officer of Enron in August 2001, and that before that he held senior management positions with Enron or its subsidiaries. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(u).

83(v) - 83(ee). Some of the sentences contained in these paragraphs do not require a response. Horton admits that the following were for some period of time directors of Enron: Robert A. Belfer, Norman P. Blake, Jr., Ronnie C. Chan, John H. Duncan, Wendy L. Gramm, Robert K. Jaedicke, Charles A. LeMaistre, Joe H. Foy, John Mendelsohn, Jerome J. Meyer, Paulo V. Ferraz Pereira, John A. Urquhart, John Wakeham, Charles E. Walker, Herbert S. Winokur, Jr., and Frank Savage. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraphs 83(v) - 83(ee).

83(ff). The first sentence does not require a response, although Horton notes that many of the Complaint's sweeping allegations concerning the "Enron Defendants" do not apply to him. With

regard to the second sentence, Horton admits that during his tenure with Enron he had access to non-public information relating to the Company, but he denies that he had such access simply by virtue of his position with the Company and he denies that he had access to any and all *adverse* non-public information.

83(gg). Horton admits that Lay, Mark-Jusbache, and Skilling served as officers and/or directors of Azurix, a company which Enron owned in whole or in part. To the extent that any further response is required of Horton, he denies that he has knowledge or information sufficient to admit or deny the remainder of paragraph 83(gg).

83(hh). Horton admits that Lay, Pai, Derrick, and Causey served as officers and/or directors of The New Power Company, a company in which Enron owned an interest. To the extent that any further response is required of Horton, he denies that he has knowledge or information sufficient to admit or deny the remainder of paragraph 83(hh).

83(ii). Horton denies that he in any way “utilized” the Marlin Water and Atlantic Water Trusts, along with Osprey and Egret, to facilitate any fraudulent scheme or course of business. To the extent any further response is required of Horton, he denies that he has knowledge or information sufficient to admit or deny the remainder of paragraph 83(ii).

83(jj). With respect to the first three sentences, Horton admits that J. Clifford Baxter held senior management positions with Enron or its subsidiaries during the years 1999, 2000, and 2001, and that Mr. Baxter died in January 2002. Horton does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(jj).

84. The first sentence asserts matters of legal opinion to which no response is required. With regard to the remainder of the paragraph, Horton admits that during the Class Period he sold

(

the number of Enron shares alleged for approximately the amount of gross proceeds alleged, but he denies that he engaged in illegal insider trading; Horton does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

85. Although he did not serve on these committees, Horton admits that the Enron Board of Directors had an Audit Committee, a Finance Committee, and an Executive Committee; and that the Audit and Finance Committees met periodically. Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations in paragraph 85.

86. Horton admits that each of the individuals was, for some period of time (although not necessarily the periods indicated), a director of Enron, and that some of them served on one or more of the indicated Committees (although not necessarily during the periods indicated). Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations made in paragraph 86.

87. Horton admits.

88. Horton admits that he served on a committee sometimes known as the "Management Committee" from 1997 through 2001. In 1999, the Management Committee was known as the "Executive Committee" referred to in paragraph 85 of the Complaint. In 2000, the name changed to the Corporate (Management) Committee. Horton admits that the Management Committee - Executive Committee - Corporate (Management) Committee - met periodically. Horton denies that the Management Committee - Executive Committee - Corporate (Management) Committee conducted the "day-to-day business of Enron," or that it was "aware of and approved all significant business transactions of Enron, including each of the partnerships SPE." The Management Committee - Executive Committee - Corporate (Management) Committee was a collection

of second-tier executives who discussed “mission” and employee morale issues, and conducted employee performance reviews. It was not a Board-generated committee nor did it report to the Board of Directors. Otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations made in paragraph 88.

89. Paragraph 89 asserts matters of legal opinion to which no response is required. With regard to his own conduct, Horton denies that he participated in all of the “business, operations, financial statements, and financial condition” of Enron that are alleged in the Consolidated Complaint; and he denies that he was responsible for the accuracy of all public reports and releases described in the Consolidated Complaint.

90. Horton denies the allegations made in the first two sentences to the extent that they are directed towards him. The third sentence does not require a response.

91-97. These paragraphs are directed to Arthur Andersen. Accordingly, they do not require a response from Horton. In general, Horton knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

98-99. These paragraphs are directed to the law firms Vinson & Elkins and Kirkland & Ellis. Accordingly, they do not require a response from Horton. In general, Horton knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

100-108. These paragraphs are directed to the integrated financial services institutions

J.P. Morgan Chase & Co., CitiGroup, Inc., Credit Suisse First Boston, Canadian Imperial Bank of Commerce, Bank of America Corp., Merrill Lynch & Co., Barclays PLC, Deutsche Bank AG, and Lehman Brothers Holding, Inc. Accordingly, they do not require a response from Horton. In general, Horton does not have knowledge or information sufficient to admit or deny the allegations contained in paragraphs 100 through 108.

109. Horton admits, based on document filed with the SEC.

110. First, second, third, fifth, sixth, and seventh sentences: The filing dates, contents, and signatories of Enron's Offering Documents are a matter of public record at the SEC, and Horton denies these allegations only to the extent they are inconsistent with the public records. Fourth sentence: Based on what was known to him at the time, Horton denies. Eighth sentence: Horton does not have knowledge or information sufficient to admit or deny these allegations.

111. Horton admits the allegations contained in the first sentence, based on documents filed with the SEC. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

112. Horton admits that the paragraph quotes excerpts from Enron's July 14, 1998 earnings release, or (in the last sentence) paraphrases statements from that release, and Horton refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny the allegation that the 2ndQ 1998 results were "better-than-expected."

113. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

114. Horton admits that the paragraph quotes excerpts from an Enron press release dated July 24, 1998, and Horton refers the Court to the entire release for its complete meaning and import.

115. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

116. The date, terms, size, and underwriters for Enron's debt offering as listed in the Prospectus are matters of public record with the SEC, and Horton denies the allegations in the first sentence only to the extent they are inconsistent with the public records. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

117. Horton admits that the paragraph quotes excerpts from an Enron press release dated September 25, 1998, and Horton refers the Court to the entire release for its complete meaning and import.

118. Horton admits that the paragraph quotes excerpts from Enron's October 13, 1998 earnings release, and Horton refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny the allegation that the 3rdQ 1998 results were "better-than-expected."

119. Horton admits the allegations contained in the first sentence. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the remainder of this paragraph.

120. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

121. Horton denies the allegations made in the first sentence. Horton cannot determine from the pleading precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 109 - 120 were false and misleading, Horton cannot respond further to the second sentence.

121(a). Horton denies, based on what was known to him at the time, and Horton also incorporates by reference his answers to paragraphs 418 - 611.

121(b) - 121(c). Horton denies, based on what was known to him at the time.

121(d). Horton does not have knowledge or information sufficient to admit or deny these allegations, although he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

121(e). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any manipulation or falsification that boosted the reported profitability of WEOS.

121(f). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improper deferral of capital expenditures by Enron International.

121(g). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse or improper manipulation of assumptions by Enron.

121(h). Horton denies that the allegations in this paragraph are accurate from his perspective, except that Horton admits that Enron later wrote down the value of its water-related assets.

121(i) - 121(k). Horton denies, based on what was known to him at the time.

122. Horton admits that the paragraph quotes excerpts from an Enron press release dated October 21, 1998, and Horton refers the Court to the entire release for its complete meaning and import.

123. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

124. First sentence: The date, terms, size, and underwriter(s) for Enron's debt offering are matters of public record with the SEC, and Horton denies the allegations only to the extent they are inconsistent with public records. Second sentence: Horton does not have knowledge or information sufficient to admit or deny.

125. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

126. First, second, and fourth sentences: Horton admits, based on documents filed with the SEC, except that Horton does not have knowledge or information sufficient to admit or deny the allegations concerning the authors of the Registration Statement, and he denies that he participated in writing it in any meaningful, nontrivial way. Third sentence; Horton denies, based on what was known to him at the time.

127. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

128. Horton admits that the paragraph quotes excerpts from Enron's January 19, 1999 earnings release, and Horton refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 4thQ 1998 and 1998 results were "better-than-expected."

129 - 133. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

134. First sentence: Horton admits, based on documents filed with the SEC. Second sentence: Horton denies, based on what was known to him at the time.

135. First sentence: The date, participating investment banks, size, price, and proceeds of the stock offering are matters of public record at the SEC, and Horton denies the allegations only to the extent they are inconsistent with the public records. Second sentence: Horton does not have knowledge or information sufficient to admit or deny.

136. Horton admits that in March 1999 Enron issued its 1998 Annual Report, but he does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Horton admits that the paragraph quotes extremely selective excerpts from the 1998 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

137 - 139. Horton admits that these paragraphs quote very selective excerpts from the 1998 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

140. Horton admits, with the qualification that the alleged earnings-per-share figure appears to have been adjusted to take into account a subsequent stock split.

141. First sentence: Horton admits, based on documents filed with the SEC. Second sentence: Horton admits that Vinson & Elkins provided legal services in connection with the Form 10-K report, but he does not have knowledge or information sufficient to admit or deny that Vinson

& Elkins reviewed and collaborated in writing the Form 10-K report. Third sentence: Horton admits.

142 - 143. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs 142-143.

144. Horton admits that the paragraph quotes excerpts from Enron's April 13, 1999 earnings release, and he refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 1stQ 1999 results were "better-than-expected."

145. Horton admits the allegations made in the first sentence. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the remainder of this paragraph.

146 - 150. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

151. The date, terms, size, and underwriters for Enron's debt offering as listed on the Prospectus are matters of public record with the SEC, and Horton denies the allegations in the first sentence only to the extent they are inconsistent with the public records. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

152 - 154. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

155. Horton cannot determine precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 122 - 154 were false and misleading, Horton cannot respond further to this paragraph.

155(a). Horton denies, based on what was known to him at the time, and Horton also incorporates by reference his answers to paragraphs 418 - 611.

155(b) - 156(c). Horton denies, based on what was known to him at the time.

155(d). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

155(e). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any manipulation or falsification that boosted the reported profitability of WEOS.

155(f). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

155(g). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse or improper manipulation of assumptions by Enron.

155(h). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew that the the Dabhol power plant was a "financial disaster" or that the valuation of Dabhol on Enron's balance sheet was grossly inflated, as alleged.

155(i). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew that other Enron international operations (including a Dominican Republic power plant project, Batangas, or Enron's Central American projects) were "financial disasters," as alleged.

155(j). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about falsification of Enron's financial condition, as alleged.

155(k). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he had knowledge of any improper deferral of capital expenditures by Enron International.

155(l). First sentence: Horton does not have knowledge or information sufficient to admit or deny these allegations because some of the terms are, in this context, too vague and/or subjective, and because plaintiffs provide no details about any specific representations concerning Enron's management team or its hedging and management of financial risk. Second, third, and fourth sentences: Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew what is alleged, including that he knew that Enron did not deserve its investment-grade credit rating, as is alleged.

155(m). Horton denies, based on what was known to him at the time.

155(n). Horton denies that the allegations in this paragraph are accurate from his perspective, except that Horton admits that Enron later wrote down the value of its water-related assets.

155(o) - 155(p). Horton denies, based on what was known to him at the time.

156. Horton admits that the paragraph quotes excerpts from Enron's July 13, 1999 earnings release, and he refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 2ndQ 1999 results were "better-than-expected."

157. First sentence: Horton admits. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the remainder of this paragraph.

158 - 163. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

164. First and third sentences: Horton admits, based on documents filed with the SEC. Second sentence: Horton denies, based on what was known to him at the time.

165. First and second sentences: The date, terms, size, and underwriters for Enron's debt offering as listed in the Prospectus are matters of public record with the SEC, and Horton denies these allegations only to the extent they are inconsistent with the public records. Third sentence: Horton denies, based on what was known to him at the time.

166 - 176. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

177. Horton admits that the paragraph quotes excerpts from Enron's October 12, 1999 earnings release, and he refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 3rdQ 1999 results were "better-than-expected."

178. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

179. First sentence: Horton admits. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the remainder of this paragraph.

180 - 187. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

188. Horton admits that Enron's stock price increased (in general) in 1999 and that it traded as high as \$43 per share in November 1999, but for the details of Enron's historic stock prices he refers to publicly available records. Horton denies that the reasons for the increase in Enron's stock price were as alleged in this paragraph and that the increase constituted "artificial inflation." Horton does not have knowledge or information sufficient to admit or deny the allegations in the last sentence concerning insider stock trades, except he denies that he pocketed any illegal insider trading proceeds.

189. First and third sentences: Horton does not have knowledge or information sufficient to admit or deny these allegations, except that he denies that Enron's bankers issued a series of extremely positive reports on Enron at his behest. Second sentence: Horton admits that Enron's stock traded as low as \$34-7/8 on 11/23/99, but he denies the allegations as to the cause or factors determinative of that price.

190 - 191. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

192. Horton admits that the paragraph quotes excerpts from Enron's December 2, 1999 press release, and he refers the Court to the entire release for its complete meaning and import.

193 - 195. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

196. Horton admits that the paragraph quotes excerpts from Enron's January 18, 2000 earnings release, and Horton refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 4thQ 1999 and full year 1999 results were "better-than-expected."

197. First sentence: Horton admits. Second sentence: Horton admits that Enron hosted an analyst conference in Houston on January 20, 2000, and he admits that Skilling and Koenig were present during the portion of that conference that Horton attended, but he does not have knowledge or information sufficient to admit or deny the allegations with regard to Causey and Fastow. Third sentence: Horton denies.

198 - 213. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

214. Horton cannot determine precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 156 - 213 were false and misleading, Horton cannot respond further to this paragraph.

214(a). Horton denies, based on what was known to him at the time, and Horton also incorporates by reference his answers to paragraphs 418 - 611.

214(b) - 214(c). Horton denies, based on what was known to him at the time.

214(d). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

214(e). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any manipulation or falsification that boosted the reported profitability of WEOS.

214(f). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

214(g). Horton does not have knowledge or information sufficient to admit or deny these allegations, except (a) he admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and (b) he denies that at the time he knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

214(h). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome, or that the prospects for success of EBS were “grossly overstated.”

214(i). Horton admits that a portion of Enron’s presentation to analysts in January 2000 related to EBS. Horton denies that he knew at the time that EIN “was doomed to failure due to numerous intractable problems” or that the January 2000 presentation about EBS “was a study in how to lie with Power Point slides.” Otherwise, Horton does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

214(j). Horton admits that Enron or EBS entered into “dark-fiber swaps,” but Horton denies that he knew that those transactions were “artificial contrivances,” conducted to improperly inflate

the revenues of EBS, and otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

214(k). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron's accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

214(l). Horton denies that "the prospects for future revenue and profits from Enron's EBS operation and the purported value of that operation to Enron and to its stock price were completely false," and Horton further denies that he knew what Enron is alleged to have known.

214(m). Horton denies that he knew at the time that the Dabhol power plant was a "financial disaster" or that it would result in a huge loss for Enron.

214(n). First sentence: Horton does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron's hedging and management of financial risk. Second, third, and fourth sentences: Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew what is alleged, including that he knew that Enron did not deserve its investment-grade credit rating.

214(o). Horton does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about "snowballing" or other falsification of Enron's financial condition, as alleged.

214(p) - 214(r). Horton denies, based on what was known to him at the time.

215. Horton admits that in March 2000 Enron issued its 1999 Annual Report, but he does not have knowledge or information sufficient to admit or deny the allegations concerning those who

reviewed and approved it. Horton admits that the paragraph quotes very selective excerpts from the letter to shareholders in the 1999 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

216-218. Horton admits that these paragraphs quote very selective excerpts from the 1999 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

219. Horton admits that Enron's 1999 Annual Report contained Enron's 1999 financial statements, as certified by Arthur Andersen. Horton also admits that the financial data presented in the charts is contained in the 1999 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

220. Horton admits that the paragraph quotes an excerpt from note 16 to Enron's 1999 financial statement.

221. First sentence: Horton admits, based on documents filed with the SEC. Second sentence: Horton admits that Vinson & Elkins rendered legal services in connection with the Form 10-K report, but he does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and helped write the entire Form 10-K report. Third sentence: Horton admits that the Form 10-K report contained Enron's 1998 and 1999 annual financial statements as certified by Arthur Andersen and an unqualified report thereon.

222. First sentence: Horton admits that Enron hosted an analyst conference in Houston on January 20, 2000, and that the price of Enron stock reached \$73 per share in late January 2000 and \$78 per share in March 2000, but otherwise Horton does not have knowledge or information sufficient to admit or deny the allegations in this sentence. Second and third sentences: Horton

denies that the reasons for the increase in Enron's stock price were as alleged and that the increase constituted "artificial inflation"; Horton does not have knowledge or information sufficient to admit or deny the allegations concerning stock sales by "Enron insiders," except that Horton denies that he pocketed any illegal insider trading proceeds.

223. Horton admits that the paragraph quotes excerpts from Enron's April 12, 2000 earnings release, and he refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 1stQ 2000 results were "better-than-expected."

224. First sentence: Horton admits. Second and third sentences: Horton does not have knowledge or information sufficient to admit or deny.

225 - 234. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

235. Horton admits that Enron's stock traded at \$78-7/8 on 5/17/00, and for further details concerning Enron's stock price in April and May 2000, Horton refers to publicly available records. Horton denies that the reasons for any increases in the price of Enron's stock were as alleged in this paragraph and that any increase constituted "artificial inflation." Horton does not have knowledge or information sufficient to admit or deny the allegations in the last sentence concerning insider stock trades, except he denies that he pocketed any illegal insider trading proceeds.

236. The date, terms, size, and underwriters for Enron's debt offerings as listed on the Prospectus are matters of public record with the SEC, and Horton denies the allegations in the first, second, and third sentences only to the extent they are inconsistent with the public record. Horton

does not have knowledge or information sufficient to admit or deny the allegations contained in the last sentence.

237. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

238. The date, terms, size, and underwriter(s) for Enron's debt offering are matters of public record with the SEC, and Horton denies the allegations in this paragraph only to the extent they are inconsistent with the public record.

239. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

240. Horton admits that the paragraph quotes excerpts from Enron's July 19, 2000 press release, and he refers the Court to the entire release for its complete meaning and import.

241 - 245. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

246. Horton admits that the paragraph quotes excerpts from Enron's July 24, 2000 earnings release, and he refers the Court to the entire release for its complete meaning and import. Horton does not have knowledge or information sufficient to admit or deny that the 2ndQ 2000 results were "better-than-expected."

247. First sentence: Horton admits that on July 24, 2000 Enron held an earnings release conference call. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in the remainder of this paragraph.

248 - 260. Horton does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

The Service List

May be Viewed in

the Office of the Clerk

The Exhibit(s) May
Be Viewed in the
Office of the Clerk